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Department of State **TELEGRAM**

14

PET 15-2 LIBYA

CONFIDENTIAL 872

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ACTION AF-13

Classification Extended By:
C.E. McManaway
A/CDC 8/11/1980
P800117-1414 ROS-3 2/7/84

INFO OCT-01 EUR-20 E-11 COM-08 INT-06 OEP-01 OPIC-12 NEA-09
PM-06 NSC-10 SS-14 RSC-01 CIAE-00 INR-06 NSAE-00
AID-20 L-03 PRS-01 TRSE-00 USIA-12 SA-03 RSR-01 /158 W
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R 070820Z FEB 72
FM AMEMBASSY BENGHAZI
TO SECSTATE WASHDC 746
INFO AMEMBASSY LONDON
AMEMBASSY TRIPOLI

9/ 3/14/85 2/9/72

PET 15-2 LIBYA

BENGHAZI GS

C O N F I D E N T I A L BENGHAZI 0065

SUBJECT: NATIONALIZATION OF BP -- STATUS REPORT

REF: BENGHAZI 0047

FROM MACK

SUMMARY: UP-DATE OF PREVIOUS REPORTING ON RELATIONS AMONG BP, HUNT AND ARAB GULF.

1. C

COMPANY ACCEPTS PRESENT IMPASSE AS TEMPORARY BASIS FOR DOING BUSINESS. LIFTINGS OF HUNT OIL CONTINUE ON SCHEDULE. B1

2. ALL THE AMERICAN PRODUCTION PERSONNEL HAVE NOW LEFT LIBYA EXCEPT FOR ONE ENGINEER WHO WILL REMAIN PERMANENTLY. LIBYANS CONTINUE TO DENY RIGHT OF ACCESS TO FACILITIES AT SARIR AND TOBRUK, BUT [PROBLEM MAY DISAPPEAR IN NEXT FEW DAYS. HUNT IS STILL WITHOUT ANY AGREEMENT WITH ARAB GULF AND HAS NO STRATEGY TO FORCE ISSUE. DRAFT HUNT AGREEMENT REMAINS ON THE TABLE. COMPANY RECOGNIZES WIDE RANGE OF POSSIBLE LIBYAN ACTIONS AND PREFERS TO PLAY ANY NEW DEVELOPMENTS BY EAR. B1

3. OVERSEAS TECHNICAL SERVICES (OTS) HAS SUPPLIED

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ARAB GULF WITH OVER 30 BRITISH NATIONALS TO MAINTAIN FACILITIES AT SARIR AND TOBRUK. SEVERAL ARE FORMER CONTRACT EMPLOYEES OF BP. IN ADDITION, AIRADIO INTERNATIONAL HAS PICKED UP COMMUNICATIONS FUNCTIONS AND FLOPETROL IS DOING INSTRUMENTATION WORK. OTS IS A "LIBYAN" COMPANY WITH BRITISH MANAGEMENT. THE OTHER TWO COMPANIES ARE BRITISH.

4. SINCE WITHDRAWAL OF HUNT PERSONNEL FROM FIELD, PRODUCTION HAS BEEN SPASMODIC, RANGING FROM 55,000 BBL/D TO 220,000 BBL/D. AT ONE POINT, TANKS AT TERMINAL NEARED 3 MILLION BBL CAPACITY. NOW THEY ARE DOWN TO SLUDGE LEVEL.

5. TO OUR KNOWLEGE, THERE HAVE BEEN NO ARAB GULF LIFTINGS IN ADDITION TO THOSE PREVIOUSLY REPORTED. (ONE TO BALKANS AND TWO TO SINCAT, OF WHICH SECOND IS TIED UP BY COURT ACTION.) LARG IS STILL PRESSURING HUNT TO MARKET BP CRUDE, AND HUNT STILL REFUSES.

6. PETROLEUM MINISTRY IS MOVING TO TAKE BIGGER PIECE OF THE ACTION. MINISTRY PERSONNEL ARE NOW ACTIVELY CHALLENGING AUTHORITY OF NATIONAL OIL COMPANY AND ARAB GULF BOARD OF DIRECTORS. INTERNAL DISPUTES HAVE LED TO REPLACEMENT OF TWO BOARD MEMBERS AND OTHERS FEAR THEY MAY BE NEXT.
PALMER

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